



General Assembly

Amendment

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LCO No. 4784

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Offered by:

REP. WIDLITZ, 98th Dist.

SEN. FONFARA, 1st Dist.

To: Subst. House Bill No. **5466**

File No. 660

Cal. No. 435

"AN ACT CONCERNING DEPARTMENT OF REVENUE SERVICES' PROCEDURES FOR BACKGROUND CHECKS FOR JOB APPLICANTS AND TAXATION OF COMPRESSED NATURAL GAS UNDER THE MOTOR VEHICLE FUELS TAX."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective from passage*) The Commissioner of
4 Revenue Services shall, subject to the provisions of section 31-51i of the
5 general statutes, require each applicant for a position of employment
6 with, and each employee applying for transfer to, the Department of
7 Revenue Services, to (1) state in writing whether such applicant or
8 employee has ever been convicted of a crime or whether criminal
9 charges are pending against such applicant or employee at the time of
10 application for employment or transfer and, if so, to identify the
11 charges and court in which such charges are pending, and (2) be
12 fingerprinted and submit to state and national criminal history records
13 checks. The criminal history records checks required by this section

14 shall be conducted in accordance with section 29-17a of the general
15 statutes.

16 Sec. 2. (NEW) (*Effective from passage*) (a) The Commissioner of
17 Revenue Services, in consultation with the Commissioner of Energy
18 and Environmental Protection, shall, on or before June 15, 2014, and on
19 or before each June fifteenth thereafter, issue information concerning
20 the computation of tax on motor vehicle fuels occurring in gaseous
21 form. Such information shall include the conversion factor to be used
22 to determine the liquid gallon equivalent of motor vehicle fuels in a
23 gaseous form. Such conversion factor shall be consistent with the
24 applicable federal standard, and shall be applicable for the twelve-
25 month period beginning on the succeeding July first.

26 (b) The provisions of this section shall apply to propane only if such
27 propane is used exclusively in motor vehicles owned by the purchaser
28 of such propane and provided such propane is stored in a cylinder or
29 tank owned by the purchaser. For purposes of this section, "propane"
30 means a gaseous paraffin hydrocarbon that becomes liquid under
31 pressure or reduced temperatures.

32 Sec. 3. Section 4-28h of the general statutes is repealed and the
33 following is substituted in lieu thereof (*Effective January 1, 2015*):

34 As used in sections 4-28h to 4-28j, inclusive, as amended by this act:

35 (1) "Adjusted for inflation" means increased in accordance with the
36 formula for inflation adjustment set forth in Exhibit C to the Master
37 Settlement Agreement;

38 (2) "Affiliate" means a person who directly or indirectly owns or
39 controls, is owned or controlled by, or is under common ownership or
40 control with, another person. The terms "owns", "is owned" and
41 "ownership" mean ownership of an equity interest, or the equivalent
42 thereof, of ten per cent or more. The term "person" means an
43 individual, partnership, committee, association, corporation or any
44 other organization or group of persons;

45 (3) "Allocable share" means allocable share as that term is defined in
46 the Master Settlement Agreement;

47 (4) "Cigarette" means any product that contains nicotine, is intended
48 to be burned or heated under ordinary conditions of use, and consists
49 of or contains (A) any roll of tobacco wrapped in paper or in any
50 substance not containing tobacco; or (B) tobacco, in any form, that is
51 functional in the product, which, because of its appearance, the type of
52 tobacco used in the filler, or its packaging and labeling, is likely to be
53 offered to, or purchased by, consumers as a cigarette; and (C) any roll
54 of tobacco wrapped in any substance containing tobacco which,
55 because of its appearance, the type of tobacco used in the filler, or its
56 packaging and labeling, is likely to be offered to, or purchased by,
57 consumers as a cigarette described in subparagraph (A) of this
58 subdivision. The term "cigarette" includes roll-your-own tobacco,
59 meaning any tobacco which, because of its appearance, type,
60 packaging or labeling is suitable for use and likely to be offered to, or
61 purchased by, consumers as tobacco for making cigarettes. For
62 purposes of this definition of "cigarette", 0.09 ounces of roll-your-own
63 tobacco shall constitute one individual "cigarette";

64 (5) "Importer" means any person in the United States to whom
65 cigarettes manufactured in a foreign country are shipped or consigned,
66 any person who removes cigarettes for sale or consumption in the
67 United States from a customs bonded manufacturing warehouse, or
68 any person who unlawfully brings cigarettes into the United States;

69 [(5)] (6) "Master Settlement Agreement" means the settlement
70 agreement executed November 23, 1998, by the state of Connecticut
71 and leading tobacco product manufacturers, entitled "State of
72 Connecticut v. Philip Morris, et al.";

73 (7) "Nonparticipating Manufacturer Adjustment Settlement
74 Agreement" means the settlement agreement between the state of
75 Connecticut and the participating manufacturers, as preliminarily set
76 forth in the term sheet executed by the state of Connecticut and the

77 participating manufacturers on May 24, 2013;

78 [(6)] (8) "Qualified escrow fund" means an escrow arrangement with
79 a federally or state-chartered financial institution having no affiliation
80 with any tobacco product manufacturer and having assets of at least
81 one billion dollars where such arrangement requires that such financial
82 institution hold the escrowed funds' principal for the benefit of
83 releasing parties and prohibits the tobacco product manufacturer
84 placing the funds into escrow from using, accessing or directing the
85 use of the funds' principal except as consistent with the provisions of
86 subsection (b) of section 4-28i;

87 [(7)] (9) "Released claims" means released claims as that term is
88 defined in the Master Settlement Agreement;

89 [(8)] (10) "Releasing parties" means releasing parties as that term is
90 defined in the Master Settlement Agreement;

91 [(9)] (11) "Tobacco product manufacturer" means an entity, or its
92 successor, that, after July 1, 2000, directly and not exclusively through
93 an affiliate (A) manufactures cigarettes anywhere which the
94 manufacturer intends to be sold in the United States, including
95 cigarettes intended to be sold in the United States through an importer,
96 provided that an entity that manufactures cigarettes that it intends to
97 be sold in the United States shall not be considered to be a tobacco
98 product manufacturer under this subparagraph (A) if (i) such
99 cigarettes are sold in the United States exclusively through an importer
100 that is an original participating manufacturer, as that term is defined in
101 the Master Settlement Agreement, that will be responsible for
102 payments under the Master Settlement Agreement with respect to such
103 cigarettes as a result of the provisions of subsection II(mm) of the
104 Master Settlement Agreement and that pays the taxes specified in
105 subsection II(z) of the Master Settlement Agreement, and (ii) the
106 manufacturer of such cigarettes does not market or advertise such
107 cigarettes in the United States; or (B) is the first purchaser anywhere
108 for resale in the United States of cigarettes manufactured anywhere

109 that the manufacturer does not intend to be sold in the United States.
110 A tobacco product manufacturer shall not include an affiliate of a
111 tobacco product manufacturer unless such affiliate itself meets the
112 criteria specified in subparagraph (A) or (B) of this subdivision;

113 ~~[(10)]~~ [(12)] "Units sold" means the number of individual cigarettes
114 sold in this state by the applicable tobacco product manufacturer,
115 whether directly or through a distributor, dealer or similar
116 intermediary or intermediaries during the year in question, [as
117 measured by excise taxes collected by this state on packs, or on "roll-
118 your-own" tobacco containers, bearing the excise tax stamp of the
119 state] in packs required to bear a stamp pursuant to chapter 214 or, in
120 the case of roll-your-own tobacco, on which a tax is due pursuant to
121 chapter 214a. "Units sold" shall not include cigarettes sold on federal
122 military installations, sold by a Native American tribe to a member of
123 such tribe on such tribe's land, or that are otherwise exempt from state
124 excise tax pursuant to federal law. The Department of Revenue
125 Services shall adopt such regulations, in accordance with the
126 provisions of chapter 54, as are necessary to ascertain the amount of
127 state excise tax paid or required to be paid on the cigarettes of such
128 tobacco product manufacturer for each year.

129 Sec. 4. Subsection (a) of section 4-28i of the general statutes is
130 repealed and the following is substituted in lieu thereof (*Effective*
131 *January 1, 2015*):

132 (a) [(1)] Any tobacco product manufacturer selling cigarettes to
133 consumers within this state, whether directly or through a distributor,
134 dealer or similar intermediary or intermediaries, after July 1, 2000,
135 shall ~~[(1)]~~ [(A)] become a participating manufacturer, as the term is
136 defined in section II(jj) of the Master Settlement Agreement, and
137 generally perform its financial obligations under the Master Settlement
138 Agreement; or ~~[(2)]~~ [(B)] place into a qualified escrow fund not later than
139 April fifteenth of the year following the year in question the following
140 amounts, as adjusted for inflation: For calendar year 2000, \$.0104712
141 per unit sold after July 1, 2000; for each of calendar years 2001 and

142 2002, \$.0136125 per unit sold; for each of calendar years 2003 through
143 2006, \$.0167539 per unit sold; for calendar year 2007 and for each
144 calendar year thereafter, \$.0188482 per unit sold.

145 (2) For calendar years ending on or before December 31, 2014, a
146 tobacco product manufacturer electing to place funds into escrow shall
147 place the amount required pursuant to subparagraph (B) of
148 subdivision (1) of this subsection into a qualified escrow fund on an
149 annual basis not later than April fifteenth of the year following the
150 year in which the sales covered by such deposit are made.

151 (3) For calendar years commencing on and after January 1, 2015, a
152 tobacco product manufacturer electing to place funds into escrow shall
153 place an amount required pursuant to subparagraph (B) of subdivision
154 (1) of this subsection, into a qualified escrow fund on a quarterly basis
155 not later than thirty days after the end of the quarter in which the sales
156 covered by such deposit are made.

157 Sec. 5. Section 4-28j of the general statutes is repealed and the
158 following is substituted in lieu thereof (*Effective January 1, 2015*):

159 (a) Each tobacco product manufacturer that elects to place funds
160 into escrow pursuant to section 4-28i, as amended by this act, shall
161 [annually] certify to the Attorney General that it is in compliance with
162 said section 4-28i. Such certification shall be made annually for
163 calendar years prior to calendar year 2014, and quarterly for calendar
164 years commencing on and after January 1, 2015.

165 (b) The Attorney General may bring a civil action on behalf of the
166 state against any tobacco product manufacturer that fails to place into
167 escrow the funds required under section 4-28i, as amended by this act.
168 Any tobacco product manufacturer that fails [in any year] to place into
169 escrow the funds required under section 4-28i, as amended by this act,
170 shall (1) be required within fifteen days to place such funds into
171 escrow as shall bring it into compliance with section 4-28i, as amended
172 by this act. The court, upon a finding of a violation of this subsection,

173 may impose a civil penalty in an amount not to exceed five per cent of
174 the amount improperly withheld from escrow per day of the violation
175 and in a total amount not to exceed one hundred per cent of the
176 original amount improperly withheld from escrow; (2) in the case of a
177 knowing violation, be required within fifteen days to place such funds
178 into escrow as shall bring it into compliance with section 4-28i, as
179 amended by this act. The court, upon a finding of a knowing violation
180 of this subsection, may impose a civil penalty in an amount not to
181 exceed fifteen per cent of the amount improperly withheld from
182 escrow per day of the violation and in a total amount not to exceed
183 three hundred per cent of the original amount improperly withheld
184 from escrow; and (3) in the case of a second knowing violation, be
185 prohibited from selling cigarettes to consumers within the state,
186 whether directly or through a distributor, dealer or similar
187 intermediary, for a period not to exceed two years. All costs, fees and
188 expenses in connection with such action shall be assessed as damages
189 against the tobacco product manufacturer together with reasonable
190 attorney's fees.

191 (c) Each failure to make [an annual] a deposit required under
192 section 4-28i, as amended by this act, shall constitute a separate
193 violation.

194 (d) For any tobacco product manufacturer that elects to place funds
195 into escrow pursuant to section 4-28i, as amended by this act, and that
196 is located outside the United States, each importer of such
197 nonparticipating manufacturer's cigarettes shall have joint and several
198 liability with such manufacturer for the deposit of all escrow amounts
199 due under section 4-28i, as amended by this act, and the payment of all
200 penalties imposed under subsection (b) of this section for the units sold
201 in this state.

202 Sec. 6. Section 4-28k of the general statutes is repealed and the
203 following is substituted in lieu thereof (*Effective January 1, 2015*):

204 As used in sections 4-28k to 4-28r, inclusive:

205 (1) "Brand family" means all styles of cigarettes sold under the same
206 trade mark and differentiated from one another by means of additional
207 modifiers or descriptors, including, but not limited to, menthol, lights,
208 kings and 100's, and includes any use of a brand name, alone or in
209 conjunction with any other word, trademark, logo, symbol, motto,
210 selling message, recognizable pattern of colors, or any other indicia of
211 product identification identical or similar to, or identifiable with, a
212 previously known brand of cigarettes;

213 (2) "Cigarette" has the same meaning as provided in section 4-28h,
214 as amended by this act;

215 (3) "Commissioner" means the Commissioner of Revenue Services;

216 (4) "Importer" has the same meaning as provided in section 4-28h, as
217 amended by this act;

218 (5) "Master Settlement Agreement" has the same meaning as
219 provided in section 4-28h, as amended by this act;

220 [(4)] (6) "Nonparticipating manufacturer" means any tobacco
221 product manufacturer that is not a participating manufacturer;

222 (7) "Nonparticipating Manufacturer Adjustment Settlement
223 Agreement" has the same meaning as provided in section 4-28h, as
224 amended by this act;

225 [(5)] (8) "Participating manufacturer" has the meaning as provided
226 in section II(jj) of the Master Settlement Agreement [, as defined in
227 section 4-28h,] and all amendments thereto;

228 [(6)] (9) "Qualified escrow fund" has the same meaning as provided
229 in section 4-28h, as amended by this act;

230 [(7)] (10) "Stamper" means, in the case of cigarettes other than roll-
231 your-own tobacco, a person that under chapter 214 may lawfully
232 purchase unstamped packages of cigarettes and affix Connecticut

233 cigarette tax stamps to such packages, and, in the case of roll-your-own
234 tobacco, a person licensed as a distributor under chapter 214a and
235 required to pay the tax due on such tobacco under said chapter 214a;

236 [(8)] (11) "Tobacco product manufacturer" has the same meaning as
237 provided in section 4-28h, as amended by this act; and

238 [(9)] (12) "Units sold" has the same meaning as provided in section
239 4-28h, as amended by this act.

240 Sec. 7. Section 4-28l of the general statutes is repealed and the
241 following is substituted in lieu thereof (*Effective January 1, 2015*):

242 (a) Any tobacco product manufacturer whose cigarettes are sold in
243 this state, whether directly or through a distributor, retailer or similar
244 intermediary or intermediaries, shall execute a certification annually
245 on a form prescribed by the commissioner, certifying under penalty of
246 law for false statement that, as of the date of such certification, such
247 tobacco product manufacturer is either a participating manufacturer in
248 full compliance with subdivision (1) of subsection (a) of section 4-28i,
249 as amended by this act, or is a nonparticipating manufacturer in full
250 compliance with the provisions of sections 4-28h to 4-28j, inclusive, as
251 amended by this act. Such tobacco product manufacturer shall deliver
252 such certificate to the commissioner and Attorney General no later
253 than April thirtieth of each year. Each tobacco product manufacturer
254 shall maintain all invoices and documentation of sales and other such
255 information relied upon for such certification for a period of five years
256 unless otherwise required by law to maintain them for a longer period
257 of time.

258 (b) If a tobacco product manufacturer is a participating
259 manufacturer, such manufacturer shall include in its certification a list
260 of its brand families. The participating manufacturer shall update such
261 list thirty days prior to any addition to, or modification of, its brand
262 families by executing and delivering a supplemental certification to the
263 Attorney General and the commissioner.

264 (c) If the tobacco product manufacturer is a nonparticipating
265 manufacturer, such manufacturer shall include in its certification: (1) A
266 list of all of its brand families and the number of units of each brand
267 family that were sold in the state during the preceding calendar year;
268 (2) a list of all of its brand families that have been sold in the state at
269 any time during the current calendar year; (3) an indication, by an
270 asterisk, of any brand family sold in the state during the preceding
271 calendar year that is no longer being sold in the state as of the date of
272 such certification; and (4) the name and address of any other
273 manufacturer of such brand families in the preceding or current
274 calendar year. Each nonparticipating manufacturer shall update such
275 list thirty days prior to any addition to, or modification of, its brand
276 families by executing and delivering a supplemental certification to the
277 Attorney General and the commissioner.

278 (d) If the tobacco product manufacturer is a nonparticipating
279 manufacturer, such manufacturer shall further (1) certify that such
280 nonparticipating manufacturer is registered to do business in this state
281 pursuant to title 33 or 34 as a foreign corporation or business entity or
282 has appointed an agent for service of process and provided notice
283 thereof as required by section 4-28n, as amended by this act, (2) certify
284 that such nonparticipating manufacturer has established and continues
285 to maintain a qualified escrow fund and has executed a qualified
286 escrow agreement that governs the qualified escrow fund, (3) certify
287 that such nonparticipating manufacturer is in full compliance with the
288 provisions of sections 4-28h to 4-28r, inclusive, as amended by this act,
289 and any regulations adopted under sections 4-28h to 4-28r, inclusive,
290 as amended by this act, [and] (4) provide (A) the name, address and
291 telephone number of the financial institution where the
292 nonparticipating manufacturer has established such qualified escrow
293 fund required pursuant to the provisions of sections 4-28h to 4-28j,
294 inclusive, as amended by this act, and all regulations adopted under
295 sections 4-28h to 4-28j, inclusive, as amended by this act; (B) the
296 account number of such qualified escrow fund and subaccount
297 number for the state of Connecticut; (C) the amount that such

298 nonparticipating manufacturer placed in such fund for cigarettes sold
299 in the state during the preceding calendar year, the date and amount of
300 each such deposit, and such evidence or verification as may be deemed
301 necessary by the commissioner or the Attorney General, to confirm the
302 foregoing; and (D) the amounts of and dates of any withdrawal or
303 transfer of funds the nonparticipating manufacturer made at any time
304 from such fund or from any other qualified escrow fund into which it
305 ever made escrow payments pursuant to the provisions of sections 4-
306 28h to 4-28j, inclusive, as amended by this act, and all regulations
307 adopted under sections 4-28h to 4-28j, inclusive, as amended by this
308 act, and (5) provide proof that such nonparticipating manufacturer has
309 posted the bond required under subsection (e) of section 4-28n, as
310 amended by this act.

311 (e) A tobacco product manufacturer may not include in its
312 certification a brand family unless (1) in the case of a participating
313 manufacturer, the participating manufacturer affirms that the brand
314 family is to be deemed to be its cigarettes for purposes of calculating
315 its payments under the Master Settlement Agreement for the relevant
316 year, in the volume and shares determined pursuant to the Master
317 Settlement Agreement; and (2) in the case of a nonparticipating
318 manufacturer, such nonparticipating manufacturer affirms that the
319 brand family is to be deemed to be its cigarettes for purposes of
320 sections 4-28h to 4-28j, inclusive, as amended by this act. Nothing in
321 this section shall be construed as limiting or otherwise affecting the
322 state's right to maintain that a brand family constitutes cigarettes of a
323 different tobacco product manufacturer for purposes of calculating
324 payments under the Master Settlement Agreement or for purposes of
325 sections 4-28h to 4-28j, inclusive, as amended by this act.

326 (f) A tobacco product manufacturer shall also (1) certify annually
327 that such manufacturer or its importer holds a valid permit under 26
328 USC 5713, as from time to time amended, and provide a copy of such
329 permit to the commissioner, and (2) certify that it is in compliance with
330 all reporting and registration requirements of 15 USC 375 et seq., as

331 from time to time amended.

332 (g) No tobacco product manufacturer shall submit a certification
333 required by this section that contains any material representation that
334 the manufacturer knows to be false or inaccurate.

335 Sec. 8. Subdivision (3) of subsection (a) of section 4-28m of the
336 general statutes is repealed and the following is substituted in lieu
337 thereof (*Effective January 1, 2015*):

338 (3) The commissioner shall not include or retain in the directory any
339 brand family of a nonparticipating manufacturer if the commissioner
340 concludes: (A) All escrow payments required pursuant to the
341 provisions of sections 4-28h to 4-28j, inclusive, as amended by this act,
342 for any period for any brand family, whether or not listed by such
343 nonparticipating manufacturer, have not been fully paid into a
344 qualified escrow fund governed by a qualified escrow agreement that
345 has been approved by the Attorney General; [or] (B) any outstanding
346 final judgment, including interest thereon, for a violation of sections 4-
347 28h to 4-28j, inclusive, as amended by this act, has not been fully
348 satisfied for such brand family and such manufacturer; or (C) a
349 nonparticipating manufacturer's total nation-wide reported sales of
350 cigarettes on which federal excise tax is paid exceeds the sum of (i) its
351 nation-wide reports under 15 USC 375 et seq., as from time to time
352 amended, or those made by its importer, and (ii) any intrastate sales
353 reports under 15 USC 375 et seq., as from time to time amended, by
354 more than five per cent of its total nation-wide sales or one million
355 cigarettes, whichever is less, during any calendar year, unless the
356 nonparticipating manufacturer cures or satisfactorily explains the
357 discrepancy not later than ten days after receiving notice of the
358 discrepancy.

359 Sec. 9. Section 4-28n of the general statutes is repealed and the
360 following is substituted in lieu thereof (*Effective January 1, 2015*):

361 (a) Any nonparticipating manufacturer that has not registered to do

362 business in this state, pursuant to title 33 or 34, as a foreign corporation
363 or business entity shall, as a condition precedent to having its brand
364 families listed or retained in the directory maintained pursuant to
365 section 4-28m, as amended by this act, appoint and continually engage
366 without interruption the services of an agent in this state to act as
367 agent for the service of process on whom all process and any action or
368 proceeding against it concerning or arising out of the enforcement of
369 the provisions of sections 4-28h to 4-28r, inclusive, as amended by this
370 act, may be served in any manner authorized by law. Such service
371 shall constitute legal and valid service of process on the
372 nonparticipating manufacturer. The nonparticipating manufacturer
373 shall provide the name, address, telephone number and proof of the
374 appointment and availability of such agent to, and to the satisfaction
375 of, the commissioner and the Attorney General.

376 (b) A nonparticipating manufacturer shall provide notice to the
377 commissioner and the Attorney General at least thirty calendar days
378 prior to termination of the authority of an agent and shall further
379 provide proof, to the satisfaction of the commissioner and the Attorney
380 General, of the appointment of a new agent no less than five calendar
381 days prior to the termination of an existing agent appointment. In the
382 event an agent terminates an agency, the nonparticipating
383 manufacturer shall notify the commissioner and the Attorney General
384 of such termination not later than five calendar days after such
385 termination and shall include proof, to the satisfaction of the
386 commissioner and the Attorney General, of the appointment of a new
387 agent.

388 (c) Any nonparticipating manufacturer whose products are sold in
389 this state without appointing or designating an agent as required in
390 this section shall be deemed to have appointed the Secretary of the
391 State as such agent and may be proceeded against in courts of this state
392 by service of process upon the Secretary of the State, except that the
393 appointment of the Secretary of the State as such agent shall not satisfy
394 the condition precedent to having the brand families of the

395 nonparticipating manufacturer listed or retained in the directory.

396 (d) As a condition precedent to having its brand families listed or
397 retained in the directory, a nonparticipating manufacturer located
398 outside of the United States shall cause each of its importers into the
399 United States of each of its brand families to be sold in the state to
400 appoint and maintain the services of an agent in the state, and shall
401 provide notification to the commissioner and the Attorney General
402 regarding the agents of its importers in the manner prescribed in
403 subsections (a) and (b) of this section. Each importer of a
404 nonparticipating manufacturer's cigarettes that are sold in the state
405 who does not appoint or designate an agent as required in this section
406 shall be deemed to have appointed the Secretary of the State as such
407 agent and may be proceeded against in courts of this state by service of
408 process upon the Secretary of the State, except that the appointment of
409 the Secretary of the State as such agent shall not satisfy the condition
410 precedent to having the brand families of the nonparticipating
411 manufacturer listed or retained in the directory.

412 (e) (1) At least ten days prior to the first day of each calendar
413 quarter, as a condition precedent to having its brand families listed or
414 retained in the directory, each nonparticipating manufacturer shall file
415 with the commissioner a surety bond, the form of which shall be
416 approved by the Attorney General, that is issued by a bonding
417 company or insurance company authorized to do business in this state.
418 The bond shall be in favor of the commissioner and be in the principal
419 sum of the greater of (A) twenty-five thousand dollars, or (B) the
420 greatest amount of the total escrow payments owed in any of the five
421 calendar years preceding the filing of such bond.

422 (2) If the nonparticipating manufacturer that posted a bond has
423 failed to make, or have made on its behalf, escrow deposits equal to
424 the full amount owed for a quarter not later than fifteen days following
425 the due date for the quarter under section 4-28i, as amended by this
426 act, the commissioner may execute on the bond, to (A) recover the
427 delinquent escrow, which amount shall be deposited into a qualified

428 escrow account as defined in section 4-28h, as amended by this act, or
429 a reasonable alternative account as determined by the commissioner,
430 and (B) recover civil penalties and costs authorized under section 4-28j,
431 as amended by this act. Escrow amounts above the amount collected
432 on the bond shall remain due from the nonparticipating manufacturer
433 and, as provided in subsection (d) of section 4-28j, as amended by this
434 act, from the importers that sold such nonparticipating manufacturer's
435 cigarettes in this state during such calendar quarter.

436 Sec. 10. Section 4-28o of the general statutes is repealed and the
437 following is substituted in lieu thereof (*Effective January 1, 2015*):

438 (a) Not later than twenty-five days after the end of each month, and
439 more frequently if so directed by the commissioner, each stamper shall
440 submit such information as the commissioner requires to facilitate
441 compliance with sections 4-28k to 4-28r, inclusive, as amended by this
442 act, including, but not limited to, a list by brand family of the total
443 number of cigarettes, or in the case of roll-your-own tobacco, the
444 equivalent stick count, for which the stamper affixed stamps during
445 the previous month. The stamper shall maintain, and make available to
446 the commissioner for a period of five years, all invoices and
447 documentation of purchases and sales of all nonparticipating
448 manufacturer cigarettes and any other information relied upon in
449 reporting to the commissioner. Each stamper shall provide and update
450 as necessary an electronic mail address to the commissioner.

451 (b) (1) The commissioner may disclose to the Attorney General any
452 information received under sections 4-28k to 4-28r, inclusive, as
453 amended by this act, and requested by the Attorney General for
454 purposes of determining compliance with and enforcing the provisions
455 of sections 4-28k to 4-28r, inclusive, as amended by this act. The
456 commissioner and the Attorney General shall share with each other the
457 information received under sections 4-28k to 4-28r, inclusive, as
458 amended by this act, and may share such information with other
459 federal, state or local agencies [only] for purposes of law enforcement,
460 [of the provisions of sections 4-28h to 4-28r, inclusive, or

461 corresponding laws of other states.]

462 (2) Notwithstanding the provisions of section 12-15, the
463 commissioner may disclose to the Attorney General any returns or
464 return information, as defined in section 12-15, received pursuant to
465 this chapter or chapter 214 or 214a, when such returns or return
466 information is relevant to any arbitration or other dispute resolution
467 proceeding to which the state is a party, created or authorized under
468 the terms of the Master Settlement Agreement, as defined in section 4-
469 28h, as amended by this act, or any amendments to said agreement.
470 The Attorney General may further disclose such returns or return
471 information in such arbitration or other dispute resolution proceeding.

472 (3) Notwithstanding the provisions of section 12-15, the
473 commissioner may disclose to the Attorney General any returns or
474 return information, as defined in section 12-15, received pursuant to
475 this chapter or chapter 214 or 214a, when such returns or return
476 information is directly related to the state's implementation of the
477 Master Settlement Agreement or the Nonparticipating Manufacturer
478 Adjustment Settlement Agreement. The Attorney General may further
479 disclose (A) such returns or return information pursuant to an
480 agreement with an entity designated to serve as a data clearinghouse
481 in accordance with the terms of the Nonparticipating Manufacturer
482 Adjustment Settlement Agreement, or (B) returns or return
483 information of a distributor licensed under the provisions of chapter
484 214 or chapter 214a, to a nonparticipating manufacturer subject to the
485 provisions of subsection (a) of section 4-28i, as amended by this act,
486 provided the information disclosed is limited to information relating to
487 such manufacturer's sales to consumers within this state, whether
488 directly or through a distributor, dealer or similar intermediary or
489 intermediaries, of cigarettes, as defined in section 4-28h, as amended
490 by this act.

491 (c) The Attorney General may require at any time from a
492 nonparticipating manufacturer proof of the amount of money in the
493 qualified escrow fund maintained by such manufacturer for the

494 purpose of compliance with provisions of sections 4-28h to 4-28j,
495 inclusive, as amended by this act. Such proof shall be provided to such
496 manufacturer by the financial institution in which such manufacturer
497 has established such fund. Such proof shall include the amount of
498 money in such fund, exclusive of interest, the amount and date of each
499 deposit to such fund and the amount and date of each withdrawal
500 from such fund.

501 (d) In addition to the information requested to be submitted
502 pursuant to subsection (a) of this section and section 4-28l, as amended
503 by this act, the commissioner may require a stamper or tobacco
504 product manufacturer to submit any additional information including,
505 but not limited to, samples of the packaging or labeling of each brand
506 family, as is necessary to enable the Attorney General to determine
507 whether a tobacco product manufacturer is in compliance with the
508 provisions of sections 4-28k to 4-28r, inclusive, as amended by this act.

509 (e) [To promote compliance with the provisions of sections 4-28k to
510 4-28r, inclusive, the commissioner may adopt regulations, in
511 accordance with the provisions of chapter 54, requiring a tobacco
512 product manufacturer subject to the requirements of subsection (c) of
513 section 4-28l to make the escrow deposits required in quarterly
514 installments during the year in which the sales covered by such
515 deposits are made.] The commissioner may require production of
516 information from a nonparticipating manufacturer, importer or
517 stamper sufficient to enable the [commissioner] Attorney General to
518 determine the adequacy of the amount of [the installment deposit] a
519 quarterly escrow deposit under subsection (a) of section 4-28i, as
520 amended by this act.

521 (f) (1) Each tobacco product manufacturer and importer that sells
522 cigarettes in or into the state shall, not later than fifteen days after the
523 end of the month, file a report on a form and in the manner prescribed
524 by the commissioner and certify that the report is complete and
525 accurate.

526 (2) The report shall contain the following information: The total
527 number of cigarettes sold by such manufacturer or importer in or into
528 the state during that month and identifying by name and number of
529 cigarettes, (A) the manufacturers of such cigarettes, (B) the brand
530 families of such cigarettes, and (C) the purchasers of such cigarettes. A
531 manufacturer's or importer's report shall include cigarettes sold in or
532 into the state through an affiliate.

533 (3) The requirements of subdivisions (1) and (2) of this subsection
534 shall be satisfied and no further report shall be required under
535 subdivisions (1) and (2) of this subsection with respect to cigarettes if
536 the manufacturer or importer timely submits to the commissioner the
537 report or reports required to be submitted by it with respect to
538 cigarettes under 15 USC 375 et seq., as from time to time amended, and
539 certifies that the reports are complete and accurate.

540 (4) Upon request by the commissioner or Attorney General, a
541 manufacturer or importer shall provide copies of all sales reports
542 required to be submitted under 15 USC 375 et seq., as from time to
543 time amended, that such manufacturer or importer filed in other states.

544 (5) Each manufacturer or importer that sells cigarettes in or into the
545 state shall either (A) submit its federal excise tax returns and all
546 monthly operational reports on Alcohol and Tobacco Tax and Trade
547 Bureau Form 5210.5 or any subsequent corresponding form, and all
548 adjustments, changes and amendments to such reports to the
549 commissioner not later than thirty days after the returns are filed, or
550 (B) submit to the United States Treasury a valid request or consent
551 under Section 6103(c) of the Internal Revenue Code of 1986, or any
552 subsequent corresponding internal revenue code of the United States,
553 as from time to time amended, authorizing the federal Alcohol and
554 Tobacco Tax and Trade Bureau and, in the case of a foreign
555 manufacturer or importer, the United States Customs and Border
556 Protection, to disclose the manufacturer's or importer's federal excise
557 tax returns to the commissioner.

558 Sec. 11. Subsections (c) and (d) of section 12-391 of the 2014
559 supplement to the general statutes are repealed and the following is
560 substituted in lieu thereof (*Effective from passage*):

561 (c) For purposes of this section:

562 (1) (A) "Connecticut taxable estate" means, with respect to the
563 estates of decedents dying on or after January 1, 2005, but prior to
564 January 1, 2010, (i) the gross estate less allowable deductions, as
565 determined under Chapter 11 of the Internal Revenue Code, plus (ii)
566 the aggregate amount of all Connecticut taxable gifts, as defined in
567 section 12-643, made by the decedent for all calendar years beginning
568 on or after January 1, 2005, but prior to January 1, 2010. The deduction
569 for state death taxes paid under Section 2058 of said code shall be
570 disregarded.

571 (B) "Connecticut taxable estate" means, with respect to the estates of
572 decedents dying on or after January 1, 2010, but prior to January 1,
573 2015, (i) the gross estate less allowable deductions, as determined
574 under Chapter 11 of the Internal Revenue Code, plus (ii) the aggregate
575 amount of all Connecticut taxable gifts, as defined in section 12-643,
576 made by the decedent for all calendar years beginning on or after
577 January 1, 2005. The deduction for state death taxes paid under Section
578 2058 of said code shall be disregarded.

579 (C) "Connecticut taxable estate" means, with respect to the estates of
580 decedents dying on or after January 1, 2015, (i) the gross estate less
581 allowable deductions, as determined under Chapter 11 of the Internal
582 Revenue Code, plus (ii) the aggregate amount of all Connecticut
583 taxable gifts, as defined in section 12-643, made by the decedent for all
584 calendar years beginning on or after January 1, 2005, other than
585 Connecticut taxable gifts that are includable in the gross estate for
586 federal estate tax purposes of the decedent, plus (iii) the amount of any
587 tax paid to this state pursuant to section 12-642 by the decedent or the
588 decedent's estate on any gift made by the decedent or the decedent's
589 spouse during the three-year period preceding the date of the

590 decendent's death. The deduction for state death taxes paid under
591 Section 2058 of the Internal Revenue Code shall be disregarded.

592 (2) "Internal Revenue Code" means the Internal Revenue Code of
593 1986, or any subsequent corresponding internal revenue code of the
594 United States, as from time to time amended, except in the event of
595 repeal of the federal estate tax, then all references to the Internal
596 Revenue Code in this section shall mean the Internal Revenue Code as
597 in force on the day prior to the effective date of such repeal.

598 (3) "Gross estate" means the gross estate, for federal estate tax
599 purposes.

600 (d) (1) (A) With respect to the estates of decedents who die on or
601 after January 1, 2005, but prior to January 1, 2010, a tax is imposed
602 upon the transfer of the estate of each person who at the time of death
603 was a resident of this state. The amount of the tax shall be determined
604 using the schedule in subsection (g) of this section. A credit shall be
605 allowed against such tax for any taxes paid to this state pursuant to
606 section 12-642 for Connecticut taxable gifts made on or after January 1,
607 2005, but prior to January 1, 2010.

608 (B) With respect to the estates of decedents who die on or after
609 January 1, 2010, but prior to January 1, 2015, a tax is imposed upon the
610 transfer of the estate of each person who at the time of death was a
611 resident of this state. The amount of the tax shall be determined using
612 the schedule in subsection (g) of this section. A credit shall be allowed
613 against such tax for any taxes paid to this state pursuant to section 12-
614 642 for Connecticut taxable gifts made on or after January 1, 2005,
615 provided such credit shall not exceed the amount of tax imposed by
616 this section.

617 (C) With respect to the estates of decedents who die on or after
618 January 1, 2015, a tax is imposed upon the transfer of the estate of each
619 person who at the time of death was a resident of this state. The
620 amount of the tax shall be determined using the schedule in subsection

621 (g) of this section. A credit shall be allowed against such tax for (i) any
622 taxes paid to this state pursuant to section 12-642 by the decedent or
623 the decedent's estate for Connecticut taxable gifts made on or after
624 January 1, 2005, and (ii) any taxes paid by the decedent's spouse to this
625 state pursuant to section 12-642 for Connecticut taxable gifts made by
626 the decedent on or after January 1, 2005, that are includable in the
627 gross estate of the decedent, provided such credit shall not exceed the
628 amount of tax imposed by this section.

629 (2) If real or tangible personal property of such decedent is located
630 outside of this state, the amount of tax due under this section shall be
631 reduced by an amount computed by multiplying the tax otherwise due
632 pursuant to subdivision (1) of this subsection, without regard to the
633 credit allowed for any taxes paid to this state pursuant to section 12-
634 642, by a fraction, [(i)] (A) the numerator of which is the value of that
635 part of the decedent's gross estate attributable to real or tangible
636 personal property located outside of the state, and [(ii)] (B) the
637 denominator of which is the value of the decedent's gross estate.

638 (3) For a resident estate, the state shall have the power to levy the
639 estate tax upon real property situated in this state, tangible personal
640 property having an actual situs in this state and intangible personal
641 property included in the gross estate of the decedent, regardless of
642 where it is located. The state is permitted to calculate the estate tax and
643 levy said tax to the fullest extent permitted by the Constitution of the
644 United States.

645 Sec. 12. *(Effective from passage)* Section 120 of public act 13-247, shall
646 take effect June 19, 2013. It is the intent of the General Assembly that
647 the amendments made by section 120 of public act 13-247 to
648 subsections (d) and (e) of section 12-391 of the general statutes, as
649 amended by this act, are clarifying in nature and apply to all open
650 estates.

651 Sec. 13. Section 12-7a of the general statutes is repealed and the
652 following is substituted in lieu thereof *(Effective July 1, 2014)*:

653 (a) (1) The annual report prepared by the Commissioner of Revenue
654 Services for submission to the Governor and publication as provided
655 in section 4-60 shall not be required to include the name of any person
656 liable for payment of any tax which is unpaid. The commissioner shall
657 prepare and maintain a list related to each type of tax levied by the
658 state, containing the name and address of any person or corporation
659 liable for payment of any such tax and the amount thereof, including
660 any applicable interest or penalties, which tax, as of the end of the
661 fiscal year with respect to which such report is prepared, is unpaid and
662 a period in excess of ninety days has elapsed following the date on
663 which such tax was due, exclusive of any tax determined to be
664 uncollectible in accordance with section 12-37, any tax on which an
665 appeal is pending and any tax which has been abated by said
666 commissioner as provided in section 12-39. Such lists shall be available
667 to the public for inspection by any person.

668 (2) The commissioner shall, prior to eliminating any person or
669 corporation from the list prepared and maintained as provided in
670 subdivision (1) of this subsection, indicate on such list whether such
671 person or corporation is being eliminated from such list due to (A)
672 payment in full of the tax, including applicable interest or penalties, (B)
673 a negotiated settlement of the amount of tax due, or (C) a
674 determination by the commissioner that such tax is uncollectable.

675 (b) The commissioner shall annually prepare, from the list prepared
676 pursuant to subsection (a) of this section, a list of taxpayers who are
677 delinquent in the payment of the corporation business tax under
678 chapter 208. The list shall be arranged in sequential order by the
679 taxpayer identification number assigned by the commissioner and
680 shall be provided to the Secretary of the Office of Policy and
681 Management not later than July fifteenth annually, commencing July
682 15, 1998.

683 (c) The commissioner may make available for public inspection a list
684 of those persons who have applied to the commissioner for a license,
685 permit or certificate and whose application has been denied, and those

686 persons who were issued a license, permit or certificate by the
687 commissioner and whose license, permit or certificate has been
688 revoked, suspended or not renewed by the commissioner. The list shall
689 be arranged by tax type and may include the date on which an
690 application was denied or the date on which the license, permit or
691 certificate was revoked, suspended or not renewed, and may include
692 the reason for each such action.

693 Sec. 14. Section 12-414 of the general statutes is repealed and the
694 following is substituted thereof (*Effective October 1, 2014*):

695 [(1)] (a) The taxes imposed by this chapter are due and payable to
696 the commissioner monthly on or before the [last] twentieth day of the
697 month next succeeding each monthly period except that (1) every
698 person whose total tax liability for the twelve-month period [ended]
699 ending on the preceding June thirtieth was less than four thousand
700 dollars shall [file returns] remit tax on a quarterly basis, and (2) every
701 person described in subdivision (2) of subsection (e) of this section
702 shall remit tax as prescribed by the commissioner under said
703 subdivision (2). "Quarterly" means a period of three calendar months
704 commencing on the first day of January, April, July or October of each
705 year or, if any seller commences business on a date other than the first
706 day of January, April, July or October, a period beginning on the date
707 of commencement of business and ending on March thirty-first, June
708 thirtieth, September thirtieth or December thirty-first, respectively.

709 [(2)] (b) On or before the [last] twentieth day of the month following
710 each monthly or quarterly period, as the case may be, or on the date or
711 dates prescribed by the commissioner under subsection (e) of this
712 section, a return for the preceding period shall be filed with the
713 commissioner in such form as the commissioner may prescribe. For
714 purposes of the sales tax a return shall be filed by every seller. For
715 purposes of the use tax a return shall be filed by every retailer engaged
716 in business in the state and by every person purchasing services or
717 tangible personal property, the storage, acceptance, consumption or
718 other use of which is subject to the use tax, who has not paid the use

719 tax due a retailer required to collect the tax, except that every person
720 making such purchases for personal use or consumption in this state,
721 and not for use or consumption in carrying on a trade, occupation,
722 business or profession, need file only one use tax return covering
723 purchases during a calendar year. Such return shall be filed and the tax
724 due thereon paid on or before the fifteenth day of the fourth month
725 succeeding the end of the calendar year for which such return is filed.
726 Returns shall be signed by the person required to file the return or by
727 his or her authorized agent but need not be verified by oath, provided
728 a return required to be filed by a corporation shall be signed by an
729 officer of such corporation.

730 [(3)] (c) For purposes of the sales tax, the return shall show the gross
731 receipts of the seller during the preceding reporting period. For
732 purposes of the use tax, in case of a return filed by a retailer, the return
733 shall show the total sales price of the services or property sold by [him]
734 the retailer, the storage, acceptance, consumption or other use of which
735 became subject to the use tax during the preceding reporting period; in
736 case of a return filed by a purchaser, the return shall show the total
737 sales price of the service or property purchased by [him] the purchaser,
738 the storage, acceptance, consumption or other use of which became
739 subject to the use tax during the preceding reporting period. The
740 return shall also show the amount of the taxes for the period covered
741 by the return in such manner as the commissioner may require and
742 such other information as the commissioner deems necessary for the
743 proper administration of this chapter. The Commissioner of Revenue
744 Services is authorized in his or her discretion, for purposes of
745 expediency, to permit returns to be filed in an alternative form wherein
746 the person filing the return may elect to report his or her gross receipts,
747 including the tax reimbursement to be collected as provided for
748 [herein] in this section, as a part of such gross receipts or to report his
749 or her gross receipts exclusive of the tax collected in such cases where
750 the gross receipts from sales have been segregated from tax collections.
751 In the case of the former, the percentage of such tax-included gross
752 receipts that may be considered to be the gross receipts from sales

753 exclusive of the taxes collected thereon shall be computed by dividing
754 the numeral one by the sum of the rate of tax provided in section 12-
755 408, expressed as a decimal, and the numeral one.

756 [(4)] (d) Returns, together with the amount of the tax due thereon,
757 shall be filed with the Commissioner of Revenue Services.

758 [(5)] (e) (1) The commissioner, if he or she deems it necessary in
759 order to insure payment to or facilitate the collection by the state of the
760 amount of taxes, may permit or require returns and payment of the
761 amount of taxes for other than monthly or quarterly periods.

762 (2) (A) For purposes of this subdivision, "weekly period" means the
763 seven-day period beginning on a Saturday and ending the following
764 Friday. The commissioner may require any person who is delinquent,
765 as described in section 12-7a, as amended by this act, to remit the tax
766 collected during a weekly period on a weekly basis. Any person who is
767 required to remit tax for a weekly period shall remit such tax to the
768 commissioner on or before the Wednesday next succeeding the weekly
769 period and shall do so in the manner and method prescribed by the
770 commissioner. The requirement to remit tax on a weekly basis shall not
771 alter a person's obligation to file monthly or quarterly returns, as the
772 case may be, as provided in subsection (b) of this section. To the extent
773 that the end of one month and the beginning of the following month
774 may fall within the same weekly period, each person required by the
775 commissioner to remit tax under this subparagraph shall report all of
776 the tax collected and remitted during such weekly period, regardless
777 of the month, along with the corresponding gross receipts, on the
778 return covering the monthly period that ended during such weekly
779 period.

780 (B) The commissioner shall send a written notice, in accordance
781 with the provisions of section 12-2f, informing each person required to
782 remit tax on a weekly basis pursuant to this subdivision of such
783 requirement. Any person so required shall remit tax on a weekly basis
784 for a period of one year commencing from the date set forth in such

785 notice. Such notice shall also contain information regarding the
786 manner and method of such remittal.

787 (C) Any person who fails to remit tax as provided in this
788 subdivision shall be subject to all penalties imposed under this chapter,
789 including revocation of such person's permit.

790 [(6) The] (f) Except for returns and payments required to be made
791 under subdivision (2) of subsection (e) of this section, the
792 commissioner for good cause may extend the time for making any
793 return and paying any amount required to be paid under this chapter,
794 if a written request therefor is filed with the commissioner together
795 with a tentative return which must be accompanied by a payment of
796 the tax, which shall be estimated in such tentative return, on or before
797 the last day for filing the return. Any person to whom an extension is
798 granted shall pay, in addition to the tax, interest at the rate of one per
799 cent per month or fraction thereof from the date on which the tax
800 would have been due without the extension until the date of payment.

801 Sec. 15. (NEW) (*Effective from passage*) (a) The Commissioner of
802 Revenue Services shall enter into agreements with financial
803 institutions, as defined in Section 469A(d)(1) of the Social Security Act,
804 as amended from time to time, doing business in this state, to develop
805 and operate a data match system using automated data exchanges to
806 the maximum extent feasible. Notwithstanding the provisions of
807 section 12-15 of the general statutes, the commissioner shall provide to
808 each financial institution a list of taxpayers who owe taxes to the state,
809 which taxes are finally due and payable and with respect to which
810 every administrative or judicial remedy, or both, has been exhausted
811 or has lapsed. Such list shall include each taxpayer's address, Social
812 Security number or other taxpayer identification number. Not later
813 than ninety days after receipt of such list from the commissioner, each
814 financial institution shall provide the commissioner with the names of
815 those taxpayers who appear on the commissioner's list who maintain
816 an account with such financial institution, the address and Social
817 Security number or other taxpayer identification number associated

818 with each such account and a statement as to whether the balance of
819 each such account exceeds one thousand dollars. For the purposes of
820 this section, "account" means a demand deposit account, checking or
821 negotiable order of withdrawal account, savings account, time deposit
822 account or money market mutual fund account.

823 (b) A financial institution shall not be liable to any person for (1)
824 disclosing information to the Commissioner of Revenue Services
825 pursuant to this section, or (2) any other action taken in good faith to
826 comply with the requirements of subsection (a) of this section.

827 Sec. 16. Subdivision (10) of subsection (a) of section 12-701 of the
828 general statutes is repealed and the following is substituted in lieu
829 thereof (*Effective from passage and applicable to taxable years commencing*
830 *on or after January 1, 2014*):

831 (10) "Connecticut fiduciary adjustment" means the net positive or
832 negative total of the following items relating to income, gain, loss or
833 deduction of a trust or estate: (A) There shall be added together (i) any
834 interest income from obligations issued by or on behalf of any state,
835 political subdivision thereof, or public instrumentality, state or local
836 authority, district or similar public entity, exclusive of such income
837 from obligations issued by or on behalf of the state of Connecticut, any
838 political subdivision thereof, or public instrumentality, state or local
839 authority, district or similar public entity created under the laws of the
840 state of Connecticut and exclusive of any such income with respect to
841 which taxation by any state is prohibited by federal law, (ii) any
842 exempt-interest dividends, as defined in Section 852(b)(5) of the
843 Internal Revenue Code, exclusive of such exempt-interest dividends
844 derived from obligations issued by or on behalf of the state of
845 Connecticut, any political subdivision thereof, or public
846 instrumentality, state or local authority, district or similar public entity
847 created under the laws of the state of Connecticut and exclusive of
848 such exempt-interest dividends derived from obligations, the income
849 with respect to which taxation by any state is prohibited by federal
850 law, (iii) any interest or dividend income on obligations or securities of

851 any authority, commission or instrumentality of the United States
852 which federal law exempts from federal income tax but does not
853 exempt from state income taxes, (iv) to the extent properly includable
854 in determining the net gain or loss from the sale or other disposition of
855 capital assets for federal income tax purposes, any loss from the sale or
856 exchange of obligations issued by or on behalf of the state of
857 Connecticut, any political subdivision thereof, or public
858 instrumentality, state or local authority, district or similar public entity
859 created under the laws of the state of Connecticut, in the income year
860 such loss was recognized, (v) to the extent deductible in determining
861 federal taxable income prior to deductions relating to distributions to
862 beneficiaries, any income taxes imposed by this state, (vi) to the extent
863 deductible in determining federal taxable income prior to deductions
864 relating to distributions to beneficiaries, any interest on indebtedness
865 incurred or continued to purchase or carry obligations or securities the
866 interest on which is exempt from tax under this chapter, (vii) expenses
867 paid or incurred during the taxable year for the production or
868 collection of income which is exempt from tax under this chapter, or
869 the management, conservation or maintenance of property held for the
870 production of such income, and the amortizable bond premium for the
871 taxable year on any bond the interest on which is exempt from taxation
872 under this chapter, to the extent that such expenses and premiums are
873 deductible in determining federal taxable income prior to deductions
874 relating to distributions to beneficiaries, [and] (viii) to the extent
875 deductible in determining federal taxable income prior to deductions
876 relating to distributions to beneficiaries, the deduction allowable as
877 qualified domestic production activities income, pursuant to Section
878 199 of the Internal Revenue Code, and (ix) to the extent not includable
879 in federal taxable income prior to deductions relating to distributions
880 to beneficiaries, the total amount of a lump sum distribution for the
881 taxable year. (B) There shall be subtracted from the sum of such items
882 (i) to the extent properly includable in gross income for federal income
883 tax purposes, any income with respect to which taxation by any state is
884 prohibited by federal law, (ii) to the extent allowable under section 12-
885 718, exempt dividends paid by a regulated investment company, (iii)

886 with respect to any trust or estate which is a shareholder of an S
887 corporation which is carrying on, or which has the right to carry on,
888 business in this state, as said term is used in section 12-214, the amount
889 of such shareholder's pro rata share of such corporation's
890 nonseparately computed items, as defined in Section 1366 of the
891 Internal Revenue Code, that is subject to tax under chapter 208, in
892 accordance with subsection (c) of section 12-217 multiplied by such
893 corporation's apportionment fraction, if any, as determined in
894 accordance with section 12-218, (iv) to the extent properly includable
895 in gross income for federal income tax purposes, any interest income
896 from obligations issued by or on behalf of the state of Connecticut, any
897 political subdivision thereof, or public instrumentality, state or local
898 authority, district or similar public entity created under the laws of the
899 state of Connecticut, (v) to the extent properly includable in
900 determining the net gain or loss from the sale or other disposition of
901 capital assets for federal income tax purposes, any gain from the sale
902 or exchange of obligations issued by or on behalf of the state of
903 Connecticut, any political subdivision thereof, or public
904 instrumentality, state or local authority, district or similar public entity
905 created under the laws of the state of Connecticut, in the income year
906 such gain was recognized, (vi) any interest on indebtedness incurred
907 or continued to purchase or carry obligations or securities the interest
908 on which is subject to tax under this chapter, but exempt from federal
909 income tax, to the extent that such interest on indebtedness is not
910 deductible in determining federal taxable income prior to deductions
911 relating to distributions to beneficiaries, (vii) ordinary and necessary
912 expenses paid or incurred during the taxable year for the production
913 or collection of income which is subject to taxation under this chapter,
914 but exempt from federal income tax, or the management, conservation
915 or maintenance of property held for the production of such income,
916 and the amortizable bond premium for the taxable year on any bond
917 the interest on which is subject to tax under this chapter, but exempt
918 from federal income tax, to the extent that such expenses and
919 premiums are not deductible in determining federal taxable income
920 prior to deductions relating to distributions to beneficiaries, and (viii)

921 the amount of any refund or credit for overpayment of income taxes
922 imposed by this state, to the extent properly includable in gross
923 income for federal income tax purposes for the taxable year and to the
924 extent deductible in determining federal taxable income prior to
925 deductions relating to distributions to beneficiaries for the preceding
926 taxable year.

927 Sec. 17. Subsection (a) of section 12-711 of the general statutes is
928 repealed and the following is substituted in lieu thereof (*Effective from*
929 *passage*):

930 (a) The income of a nonresident natural person derived from or
931 connected with sources within this state shall be the sum of the net
932 amount of items of income, gain, loss and deduction entering into his
933 or her Connecticut adjusted gross income for the taxable year, derived
934 from or connected with sources within this state, including: (1) His or
935 her distributive share of partnership income, gain, loss and deduction,
936 determined under section 12-712; [, and] (2) his or her pro rata share of
937 S corporation income, gain, loss and deduction, determined under
938 section 12-712; [, and] (3) his or her share of estate or trust income,
939 gain, loss and deduction, determined under section 12-714; and (4) his
940 or her compensation from nonqualified deferred compensation plans
941 attributable to services performed within the state, including, but not
942 limited to, compensation required to be included in federal gross
943 income under Section 457A of the Internal Revenue Code.

944 Sec. 18. Subsections (b) and (c) of section 12-711 of the general
945 statutes are repealed and the following is substituted in lieu thereof
946 (*Effective from passage and applicable to taxable years commencing on or after*
947 *January 1, 2014*):

948 (b) (1) Items of income, gain, loss and deduction derived from or
949 connected with sources within this state shall be those items
950 attributable to: (A) The ownership or disposition of any interest in real
951 property in this state or tangible personal property in this state, as
952 determined pursuant to subdivision (5) of this subsection; (B) a

953 business, trade, profession or occupation carried on in this state; (C) in
954 the case of a shareholder of an S corporation, the ownership of shares
955 issued by such corporation, to the extent determined under section 12-
956 712; or (D) winnings from a wager placed in a lottery conducted by the
957 Connecticut Lottery Corporation, if the proceeds from such wager are
958 required, under the Internal Revenue Code or regulations adopted
959 thereunder, to be reported by the Connecticut Lottery Corporation to
960 the Internal Revenue Service.

961 (2) Income from intangible personal property, including annuities,
962 dividends, interest and gains from the disposition of intangible
963 personal property, shall constitute income derived from sources within
964 this state only to the extent that such income is from (A) property
965 employed in a business, trade, profession or occupation carried on in
966 this state, or (B) winnings from a wager placed in a lottery conducted
967 by the Connecticut Lottery Corporation, if the proceeds from such
968 wager are required, under the Internal Revenue Code or regulations
969 adopted thereunder, to be reported by the Connecticut Lottery
970 Corporation to the Internal Revenue Service.

971 (3) Deductions with respect to capital losses and net operating losses
972 shall be based solely on income, gain, loss and deduction derived from
973 or connected with sources within this state, under regulations adopted
974 by the commissioner, but otherwise shall be determined in the same
975 manner as the corresponding federal deductions.

976 (4) Income directly or indirectly derived by an athlete, entertainer or
977 performing artist from closed-circuit and cable television transmissions
978 of an event, other than events occurring on a regularly scheduled basis,
979 taking place within this state as a result of the rendition of services by
980 such athlete, entertainer or performing artist shall constitute income
981 derived from or connected with sources within this state only to the
982 extent that such transmissions were received or exhibited within this
983 state.

984 (5) For purposes of subparagraph (A) of subdivision (1) of this

985 subsection, "real property in this state" includes an interest in an entity,
986 and "entity" means a partnership, limited liability company or S
987 corporation that owns real property that is located within this state
988 and has a fair market value that equals or exceeds fifty per cent of all
989 the assets of the entity on the date of sale or disposition by a
990 nonresident natural person of such person's interest in the entity. Only
991 those assets that the entity owned for at least two years prior to the
992 date of the sale or disposition of the person's interest in the entity shall
993 be used in determining the fair market value of all the assets of the
994 entity on the date of such sale or disposition. The gain or loss derived
995 from Connecticut sources from such person's sale or disposition of an
996 interest in such entity is the total gain or loss for federal income tax
997 purposes from such sale or disposition multiplied by a fraction, the
998 numerator of which is the fair market value of all real property located
999 in this state owned by the entity on the date of such sale or disposition,
1000 and the denominator of which is the fair market value of all the assets
1001 of the entity on the date of such sale or disposition.

1002 (c) (1) If a business, trade, profession or occupation is carried on
1003 partly within and partly without this state, as determined under rules
1004 or regulations of the commissioner, the items of income, gain, loss and
1005 deduction derived from or connected with sources within this state
1006 shall be determined by apportionment under such rules or regulations
1007 and the provisions of this subsection.

1008 (2) The proportion of the net amount of the items of income, gain,
1009 loss and deduction attributable to the activities of the business, trade,
1010 profession or occupation carried on in this state shall be determined by
1011 multiplying the net amount of the items of income, gain, loss and
1012 deduction of the business, trade, profession or occupation by the
1013 average of the percentages of property, payroll and gross income in
1014 this state. The gross income percentage shall be computed by dividing
1015 the gross receipts from sales of property or services earned within this
1016 state by the total gross receipts from sales of property or services,
1017 whether earned within or without this state. Gross receipts from sales

1018 of property are considered to be earned within this state when the
1019 property is delivered or shipped to a purchaser within this state,
1020 regardless of the F.O.B. point or other conditions of the sale. Gross
1021 receipts from sales of services are considered to be earned within the
1022 state when the services are performed by an employee, agent, agency
1023 or independent contractor chiefly situated at, connected by contract or
1024 otherwise, with or sent out from, offices or branches of the business,
1025 trade, profession or occupation or other agencies or locations situated
1026 within this state.

1027 Sec. 19. Section 12-432c of the general statutes is repealed and the
1028 following is substituted in lieu thereof (*Effective October 1, 2014*):

1029 (a) If any cumulative monthly financial statement issued by the
1030 Comptroller pursuant to section 3-115 after September 9, 2009, and
1031 before January 1, 2010, indicates that the estimated gross tax revenue
1032 to the General Fund, to the end of the fiscal year ending June 30, 2010,
1033 is at least one per cent less than the estimated gross tax revenue to the
1034 General Fund for said fiscal year, included in public act 09-3 of the
1035 June special session pursuant to section 2-35, the amendments made to
1036 the provisions of subdivisions (1) and (3) of section 12-408, subdivision
1037 (1) of section 12-411, subsection (c) of section 12-411b and [subdivision
1038 (3)] subsection (c) of section 12-414, as amended by this act, pursuant
1039 to sections 108 to 112, inclusive, of public act 09-3 of the June special
1040 session, shall not take effect.

1041 (b) If any cumulative monthly financial statement issued by the
1042 Comptroller pursuant to section 3-115 after January 1, 2010, and on or
1043 before June 30, 2010, indicates that the estimated gross tax revenue to
1044 the General Fund, to the end of the fiscal year ending June 30, 2010, is
1045 at least one per cent less than the estimated gross tax revenue to the
1046 General Fund for said fiscal year, included in public act 09-3 of the
1047 June special session pursuant to section 2-35, (1) the amendments
1048 made to the provisions of subdivisions (1) and (3) of section 12-408,
1049 subdivision (1) of section 12-411, subsection (c) of section 12-411b and
1050 [subdivision (3)] subsection (c) of section 12-414, as amended by this

1051 act, pursuant to sections 108 to 112, inclusive, of public act 09-3 of the
1052 June special session, shall, on and after July 1, 2010, be inoperative and
1053 have no effect, and (2) the provisions of said subdivisions and
1054 subsection of said sections of the general statutes, revision of 1958,
1055 revised to December 31, 2009, shall be effective on and after July 1,
1056 2010.

1057 Sec. 20. Section 36a-42 of the general statutes is repealed and the
1058 following is substituted in lieu thereof (*Effective from passage*):

1059 A financial institution may not disclose to any person, except to the
1060 customer or the customer's duly authorized agent, any financial
1061 records relating to such customer unless the customer has authorized
1062 disclosure to such person or the financial records are disclosed in
1063 response to (1) a certificate signed by the Commissioner of
1064 Administrative Services or the Commissioner of Social Services
1065 pursuant to the provisions of section 17b-137, (2) a lawful subpoena,
1066 summons, warrant or court order as provided in section 36a-43, (3)
1067 interrogatories by a judgment creditor or a demand by a levying
1068 officer as provided in sections 52-351b and 52-356a, (4) a certificate
1069 issued by a medical provider or its attorney under subsection (b) of
1070 section 17b-124, provided nothing in this subsection shall require the
1071 provider or its attorney to furnish to the financial institution any
1072 application for medical assistance filed pursuant to an agreement with
1073 the IV-D agency under subsection (c) of section 17b-137, (5) a certificate
1074 signed by the Commissioner of Veterans' Affairs pursuant to section
1075 27-117, (6) the consent of an elderly person or the representative of
1076 such elderly person provided to a person, department, agency or
1077 commission pursuant to section 17b-454, provided the financial
1078 institution shall have no obligation to determine the capacity of such
1079 elderly person or the representative of such elderly person to provide
1080 such consent, [or] (7) a request for information served upon a financial
1081 institution in accordance with subsection (e) of section 12-162, or (8) a
1082 request for information made by the Commissioner of Revenue
1083 Services pursuant to section 15 of this act."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>January 1, 2015</i>	4-28h
Sec. 4	<i>January 1, 2015</i>	4-28i(a)
Sec. 5	<i>January 1, 2015</i>	4-28j
Sec. 6	<i>January 1, 2015</i>	4-28k
Sec. 7	<i>January 1, 2015</i>	4-28l
Sec. 8	<i>January 1, 2015</i>	4-28m(a)(3)
Sec. 9	<i>January 1, 2015</i>	4-28n
Sec. 10	<i>January 1, 2015</i>	4-28o
Sec. 11	<i>from passage</i>	12-391(c) and (d)
Sec. 12	<i>from passage</i>	New section
Sec. 13	<i>July 1, 2014</i>	12-7a
Sec. 14	<i>October 1, 2014</i>	12-414
Sec. 15	<i>from passage</i>	New section
Sec. 16	<i>from passage and applicable to taxable years commencing on or after January 1, 2014</i>	12-701(a)(10)
Sec. 17	<i>from passage</i>	12-711(a)
Sec. 18	<i>from passage and applicable to taxable years commencing on or after January 1, 2014</i>	12-711(b) and (c)
Sec. 19	<i>October 1, 2014</i>	12-432c
Sec. 20	<i>from passage</i>	36a-42